

DATE: January 15, 2003

TO: Assistant Secretary for Administration and Management

FROM: NIH Deputy Director for Management

SUBJECT: Controls on Filling Administrative Management Positions

In response to your memorandum of December 16, 2002, I am submitting for your review the NIH plan for eliminating 250 administrative positions. Ever since the Secretary committed to eliminating 700 administrative positions as part of the FY 2003 passback process, we have been mindful of our need to achieve our target of 250 and have taken steps throughout the year to achieve it. As advised by your staff, NIH will continue to use a variety of means to eliminate those positions by September 30, 2003.

I. Summary

NIH has already eliminated 226 administrative positions over the past several months (list attached). The remaining 24 positions will be eliminated through attrition in FY 2003. The complete breakdown is as follows:

	Number of Positions <u>Eliminated</u>	
Competitive Sourcing		202
HR Consolidation	24	
Pending Attrition	<u>24</u>	
Total Positions	250	

The attached list of eliminated positions reflects the functional area, payplan, series, grade, and title, as well as the mechanism by which the position was eliminated. It also indicates the disposition of the employee who last encumbered the position. "Employee reassigned" refers to the transfer of an employee to vacant position in another function (typically another administrative function), and their original administrative position was eliminated. "Vacant FTE Eliminated" refers to a position that was previously held by a Federal employee, but the position was vacated prior

to October 1, 2002 and was later eliminated. "Employee Separated" refers to a position vacated by an employee who left NIH (including retirements) and their vacant position was eliminated.

The positions lost to competitive sourcing (A-76) were originally reported to your office at the beginning of FY 2003. At that time, a comprehensive list of positions – including those being studied as well as those being directly converted – was submitted to OS to demonstrate that NIH had met its A-76 targets. From that list, we have separated those positions which are clearly administrative and verified that the position was eliminated.

II. Attrition

NIH will eliminate 24 administrative positions using attrition during FY 2003. The freeze that was implemented in your December 16th memo was broadened by NIH to cover all administrative hiring at all grade levels. As attrition occurs, NIH will be hiring only in critical areas and will redeploy staff as needed to ensure proper staffing in all administrative areas. The elimination of 24 positions will be targeted to the following administrative areas:

	Positions To Be <u>Eliminated</u>
Acquisitions	2
Budget and Financial Management	2
Communications and Public Liaison	2
Facilities Management and Maintenance	3
General Administration	8
Grants Management	3
Human Resources	2
Information Technology	<u>2</u>
Total	24

NIH competitive sourcing activities are ongoing, and many of the areas being studied involve administrative functions. It is possible that NIH will lose a number of administrative positions to that effort during the course of this fiscal year. In addition, the ongoing availability of VERA will accelerate the attrition rate in several administrative areas. All of these factors will enable NIH to meet its reduction goals through attrition.

III. Retraining, Redeployment, and Placement

A limited number of employees were displaced through the competitive sourcing process or other restructuring, and most of them have already been placed elsewhere at NIH. As of this date, only the displaced employees from the Office of Research Services (ORS), Division of Support Services remain in a transition program. ORS has maintained an internal training and apprenticeship center (the Center for Career Resources, or CCR) to provide skill development training for its staff, many of whom are tradeworkers. ORS has expanded the CCR to offer retraining to the employees who were displaced when their function was contracted out. Training in basic computer skills, as well as office techniques and communications, are being offered to these employees in order to maximize the number of placement options. It is expected that these employees will be successfully placed in different jobs at NIH.

A greater number of employees may be displaced by competitive sourcing over the next few years, and NIH continues to develop a comprehensive transition program for retraining and placement. This plan will include career counseling and placement services, as well as an individual retraining plan for each displaced employee. Seminars on resume writing, interviewing techniques, and other useful skills will be expanded. The transition plan is expected to be completed by April 1, 2003.

IV. Voluntary Early Retirement Authority (VERA)

VERA authority was obtained in October, 2002 in order to address restructuring needs in human resources functions. In December, 2002, broader VERA authority was obtained to address restructuring needs in multiple administrative areas, including those areas where employees are affected by A-76. We expect that VERA will have a noticeable impact on our administrative workforce throughout FY 2003 and allow greater management flexibility in addressing workforce restructuring.

V. Ongoing Activities

As you know, NIH is currently engaged in other efforts that will have dramatic effects on our administrative workforce. As mentioned above, competitive sourcing activities will continue into the future, and NIH will be reviewing thousands of positions over the next few years. The potential number of displaced employees represents an unprecedented problem, especially in light of decreasing administrative placement options. It is possible that thousands of employees could be displaced by

competitive sourcing, and clearly NIH will not be able to absorb that many staff. As the impact becomes clearer over time, we will work with your office to preserve the Secretary's commitment to offer every employee a job.

There are several internal efforts that are ongoing as well. In the very near future, we will award a contract that will provide a study of two essential administrative functions (budget/financial management and grants management) that affect every IC. This contract is expected to be completed by July, 2003. In conjunction with our own management review and analysis, this study should provide valuable information about the administrative structure, processes, and resources necessary to support our scientific program. These efforts are coordinated by the NIH Administrative Restructuring Committee, which advises the NIH Director and me on all restructuring issues and guides the realignment process.

If your staff have any questions about these plans, or any other issue regarding strategic workforce planning, please have them contact John Czajkowski, Acting Director of the Office of Strategic Management Planning. He can be reached on 301-402-0587 or via email at johncz@nih.gov.

/s/

Charles E. Leasure, Jr.